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R. J. Reynolds Tobacco Company

WINSTON-SALEM, N. C.

FINANCIAL STATEMENT

DECEMBER 31, 1934.

Winston-Salem, N. C., January 10, 1935.

To the Stockholders of

R. J. REYNOLDS TOBACCO COMPANY:—

The Financial Report of your Company, at the close of business December 31, 1934, is hereby submitted.

Net Profit from operations for the year 1934, after deducting all charges and expenses of management, advertising, etc.	$25,725,160.97	
ADD		
Interest and Dividends on investments, and miscellaneous income, net	1,440,825.91	$27,165,986.88
LESS		
Allowance for Depreciation, Obsolescence, etc.	913,313.66	
Federal and State Income Taxes	4,715,779.14	5,629,092.80
NET EARNINGS FOR YEAR		21,536,894.08
ADD		
Undivided Profits December 31, 1933		57,061,862.80
		78,598,756.88
DEDUCT		
Four quarterly dividends of seventy-five cents each per share		30,000,000.00
Total Undivided Profits December 31, 1934		$48,598,756.88

FINANCIAL STATEMENT

DECEMBER 31, 1934.

ASSETS

CURRENT			
Cash		$10,635,080.03	
U. S. Gov't Securities due 1936-1938		23,526,870.20	
Accounts Receivable (net) for merchandise sold		8,617,425.73	
Leaf Tobacco, Supplies, Manufactured Product		90,802,240.68	$133,581,616.64
OTHER ASSETS			
Real Estate, Buildings, Machinery, Fixtures		26,453,523.63	
Deduct Depreciation, Obsolescence, etc.	$11,471,767.67		
Less fully depreciated property written off during year, etc.	195,942.02	11,275,825.65	
		15,177,697.98	
Investments in Non-Competitive Companies, etc.		320,457.51	
Bills and Notes Receivable		59,603.52	
Other Accounts Receivable		537,489.65	
Brands, Trade-Marks, Good Will		1.00	
Prepaid Expenses		376,928.89	
Retirement & Insurance Investment Fund*		10,120,000.00	26,592,178.55
			$160,173,795.19

*Consisting of 200,000 shares of the Common Stock of the Company.

LIABILITIES

CURRENT		
Accounts Payable	$ 2,200,147.74	
Accrued Taxes and other Accrued Accounts	5,535,401.57	$ 7,735,549.31
RESERVES		
Contingencies and Retirement & Insurance Investment Fund		3,839,489.00
CAPITAL ACCOUNT		
Common Stock	10,000,000.00	
New Class B Common Stock	90,000,000.00	
Undivided Profits (after deduction of dividends payable January 2, 1935)	48,598,756.88	148,598,756.88
		$160,173,795.19

Respectfully,

R. D. SHORE, Treasurer.

WE HEREBY CERTIFY that we have examined the books of account and record of R. J. REYNOLDS TOBACCO COMPANY, Winston-Salem, N. C., at December 31, 1934, and it is our opinion that the above statement shows the true financial condition of the Company at the date stated, and that the accompanying Analysis of Undivided Profits Account is correct. Inventories of Leaf Tobacco, Supplies and Manufactured Product are valued at cost as in former years. The investments, including Government Securities, are carried at not above cost or market, whichever is lower. As far as we could ascertain there were no contingent liabilities and we were informed none existed.

ERNST & ERNST,
Certified Public Accountants.